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**FUNDING LEVEL IN HOUSE BUDGET WOULD LIKELY LEAD TO CUTS TO
HOUSING ASSISTANCE FOR LOW-INCOME FAMILIES CONSIDERABLY MORE
SEVERE THAN THOSE PROPOSED IN THE PRESIDENT'S BUDGET**

By Barbara Sard and Will Fischer

The President's budget for fiscal year 2004 requests funding levels for low-income housing programs that are well below the amounts needed to maintain current levels of assistance to needy families. The budget approved by the House on March 21 would cut overall funding in fiscal year 2004 for domestic "discretionary" (or non-entitlement) programs — the part of the budget that includes most of the low-income housing programs — *three times as much* as the President's budget would. The Senate, by contrast, has approved a budget that essentially removes the FY 2004 domestic discretionary cuts in the President's budget and provides an overall level of funding for these programs that is sufficient to maintain current levels of service under these programs.

If the House-Senate conference committee that is currently meeting approves a reduction in domestic discretionary funding in fiscal year 2004 below the level the President requested, it will be difficult for Congress to restore the cuts in low-income housing assistance proposed in the President's budget. Instead, there will be a strong chance that Congress will add further cuts in housing assistance on top of those the President proposed. By contrast, if the conference approves the Senate level for domestic discretionary programs, chances of averting cuts in the housing programs in fiscal year 2004 will be greatly improved.

President's Budget Requests Large Cuts in Low-Income Housing Assistance

The President's budget proposes a reduction in overall funding for domestic discretionary programs of \$5.0 billion in fiscal year 2004, compared to the Congressional Budget Office baseline (which equals the 2003 funding levels for these programs adjusted for inflation). Of this reduction, more than \$1.6 billion — about one-third of the total — would come from cuts in programs that provide housing assistance to the lowest-income families: housing vouchers, project-based Section 8 assistance and public housing. When other cuts in housing and community development programs contained in the President's budget are included, the total of these reductions amounts to approximately \$2 billion, or 40 percent of the proposed reduction in domestic discretionary programs.

- The funding level requested by the President for housing vouchers and project-based Section 8 assistance is \$858 million below the Congressional Budget Office's baseline for these programs, with nearly all of the reduction occurring in the housing voucher program. The Administration's budget would leave 137,000

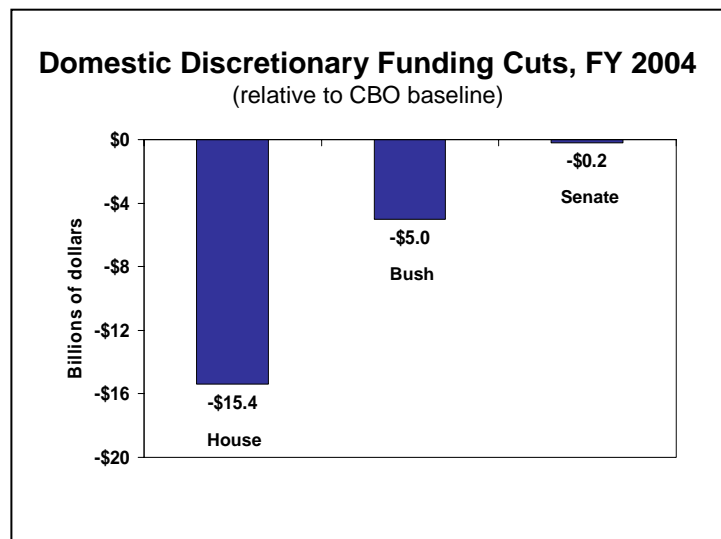
authorized housing vouchers unfunded.¹ The need for housing vouchers is large; waiting lists for voucher assistance are long and growing, and many agencies have closed their waiting lists because it will take years for them to serve the families already on the lists.

- The President’s budget also proposes a cut of \$761 million, compared to the CBO baseline, in funding for public housing. There are three budget accounts that cover public housing; all of them are slated for cuts. The President’s budget would reduce funding by \$64 million for the Public Housing Operating Fund, which covers the day-to-day expenses of administering and maintaining public housing, and by \$117 million for the Public Housing Capital Fund, which is used to fund major repairs and modernization at public housing developments. In addition, the budget would reduce funding by \$580 million by eliminating HOPE VI, a program for revitalizing distressed public housing developments.

These cuts would leave local housing agencies with inadequate resources to maintain public housing and start to address a backlog of more than \$20 billion in repair and modernization needs at public housing developments. Such underfunding would jeopardize the nation’s investment in public housing, threaten the well-being of low-income residents that depend on it — about half of whom are elderly or disabled — and reduce the number of public housing units available to serve poor households waiting for assistance.

House Budget Would Slash Funding for the Part of the Budget that Includes the Housing Programs

The budget that the House of Representatives has approved would more than triple the overall funding cut sought by the President in domestic discretionary programs in fiscal year 2004. The Bush budget would cut overall funding for domestic discretionary programs in fiscal year 2004 by \$5 billion, compared to the CBO baseline. The House budget cuts overall funding for domestic discretionary programs in 2004 by \$15.4 billion.



The Senate, by contrast, approved a budget that restores most of the funds the President would cut in the domestic discretionary program area in fiscal year 2004 (although the Senate budget assumes significant cuts in this part of the budget in subsequent years). The Senate

¹ See Barbara Sard and Will Fischer, “President’s Budget Requests Insufficient Funding for Housing Vouchers in 2004,” available on the internet at <http://www.cbpp.org/3-27-03hous-fact.htm>.

budget shrinks the cuts in the overall level of funding for domestic discretionary programs in fiscal year 2004 to just \$0.2 billion. A House-Senate conference committee that is currently meeting will determine the funding level in the final budget.

The funding category of domestic discretionary programs includes many other programs in addition to the low-income housing assistance programs, and the budget that Congress will approve in the next 10 days or so will not specify funding levels for individual programs. Nevertheless, the overall level of funding provided for domestic discretionary programs in the budget that emerges from conference will be one of the most decisive factors in determining whether Congress provides adequate funding for low-income housing assistance when it writes the fiscal year 2004 appropriations bills later this year.

If the overall reduction in domestic discretionary funding in the budget that the conference committee produces is larger than the cut contained in the President's budget, it will be hard to restore the funding reductions in the President's budget in programs like HOPE VI and the housing voucher program. Instead, there will be a strong chance that Congress will impose cuts in housing programs significantly deeper than those the President has recommended. Such cuts would reduce the capacity of these programs to provide needed assistance to low-income families and elderly and disabled individuals who are struggling to afford housing. If, however, the reduction in overall funding for domestic discretionary programs is largely eliminated in the conference committee and this part of the budget is essentially held even, as it is under the Senate budget, chances for restoring the proposed cuts in housing programs will greatly improve.